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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Proposed programme budget outline for the biennium 1994-1995

Report of the Secretary-General

I. INTRODUCTION

1. The proposed programme budget outline for the biennium 1994-1995 is submitted in accordance with the provisions of annex I to General Assembly resolution 41/213 of 19 December 1986. The Secretary-General is required to submit, in off-budget years,

> "an outline of the programme budget for the following biennium, which shall contain an indication of the following:
>
> "(a) Preliminary estimate of resources to accommodate the proposed programme of activities during the biennium;
>
> "(b) Priorities, reflecting general trends of a broad sectoral nature;
>
> "(c) Real growth, positive or negative, compared with the previous budget;
>
> "(d) Size of the contingency fund expressed as a percentage of the overall level of resources."

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2. The present outline is the third submitted to the General Assembly. The first outline, which was for the programme budget 1990-1991, included a proposed negative rate of real growth of 9.6 per cent, which was entirely due to a post reduction of 12 per cent implemented in response to Assembly resolution 41/213. The Assembly, in its resolution 43/214 of 21 December 1988, decided, inter alia, that "the Secretary-General should prepare his proposed programme budget for the biennium 1990-1991 on the basis of the total preliminary estimate" indicated in the report of the Advisory Committee on Administrative and Budgetary Questions. The second outline, for the biennium 1992-1993, related to a period when the administrative reforms set in motion by Assembly resolution 41/213 had been put in place. Also, a new medium-term plan had been adopted. The proposed rate of real growth was 0 per cent. In that connection, the Committee for Programme and Coordination noted that the growth rate had been calculated on the basis of the existing methodology and that, owing to the shortcomings of that methodology, the impact of the proposed rate of real growth on the activities of the Organization could not be assessed precisely. The Assembly, in its resolution 45/255 of 21 December 1990, took note of the proposed rate of real growth and, as for the previous biennium, invited the Secretary-General to prepare the proposed programme budget for the biennium 1992-1993 on the basis of the total preliminary estimate provided by the Advisory Committee.

3. The proposed outline for the biennium 1994-1995 relates to a biennium which will reflect fully the effects of the restructuring of the Secretariat undertaken by the Secretary-General in the course of 1992, the first phase of which is the subject of revised estimates which will be before the General Assembly at its forty-seventh session. This outline also reflects the changes in the preparation of the programme budget which are being proposed in the context of the report of the Secretary-General to the General Assembly at its forty-seventh session, under the terms of section VIII of Assembly resolution 46/185 B of 20 December 1991. The methodology has been simplified. In particular, the outline does not involve a complex revaluation of the resource base and does not reflect a specific treatment of non-recurrent items for the calculation of growth. This calculation rests on a comparison at current rates between the projected estimates for 1994-1995 and a resource base represented by the projected level of the current budget as of the end of the forty-seventh session. The growth rate included in the outline and the future growth rate of the proposed programme budget will therefore have comparable starting points.

II. PRELIMINARY ESTIMATE OF RESOURCES TO ACCOMMODATE THE PROPOSED PROGRAMME OF ACTIVITIES DURIN THE BIENNIUM

4. The preliminary estimate of resources for the biennium 1994-1995 amounts to $2,410 million. This estimate represents a growth of 0.2 per cent over the anticipated revised appropriation for the budget 1992-1993. This revised appropriation is estimated at $2,406 million, or $16.8 million above the initial appropriation. Also, the estimate for 1994-1995 is $20.8 million, or 0.9 per cent, higher than the initial appropriation for the biennium 1992-1993 approved by the General Assembly in its resolution 46/186 of 20 December 1991.

5. A summary of this projection is provided below:

	Regular expenditure	Capital expenditure	Total
	(Millions of United States dollars)		
Initial appropriation 1992-1993	2 293.7	95.5	2 389.2
Projected implications of General Assembly decisions (forty-seventh session)	12.8 a/	4.0	16.8
Projected revised appropriation 1992-1993	2 306.5	99.5	2 406.0
Add: Budgetary growth	4.0	-	4.0
Preliminary estimates for the biennium 1994-1995	2 310.5	99.5	2 410.0
Compared to initial appropriation	16.8	4.0	20.8 (or 0.9 per cent)
Compared to projected revised appropriation	4.0	-	4.0 (or 0.2 per cent)

a/ The breakdown of the increase over the initial appropriation for 1992-1993 is as follows:

Restructuring (A/C.5/47/2)	(4.3)
Performance report	1.6
Estimated impact of other decisions by the General Assembly at its forty-seventh session	15.5
Net	12.8

6. The resource growth for the biennium 1994-1995, which is projected at $4.0 million, is the net result of the following:

(a) Additional requirements are estimated at $152.4 million. In addition to the projected impact in 1994-1995 of existing or anticipated mandates from the General Assembly ($15.6 million), provision has been made for the continuation of technological innovation projects, including IMIS and the optical disc ($9.3 million), for the budgeting upfront of future preventive diplomacy and peacemaking missions at a level commensurate with that experienced in 1990-1991 and 1992 ($28 million), and for a level of capital expenditures allowing for the implementation of long deferred improvement projects, as well as for future emergency projects comparable to those which have been required this year and in the past bienniums ($99.5 million);

(b) The discontinuation in 1994-1995 of the non-recurrent provisions included in the anticipated revised appropriation for 1992-1993 ($153 million);

(c) Technical adjustments ($4.6 million), namely, a provision for the delayed impact of 1992-1993 growth. Under the revised budget methodology, new posts will be fully costed in 1994-1995. The deduction for delayed recruitment will be discontinued and similar adjustments will become unnecessary in future bienniums.

7. Significant changes in staffing levels are not projected for the biennium 1994-1995. Additional requirements would be met through redeployments in the context of the preparation of the proposed programme budget.

8. Following past practice, no provision is made in the preliminary estimates for inflation or anticipated effects from currency fluctuations in the biennium 1994-1995. According to the current procedure, prior to taking a decision on the preliminary estimates, the General Assembly will adopt new rates of exchange for the budget and revised projections for inflation in 1992-1993. Such rates and projections will be used for recosting the preliminary estimates.

9. The table annexed to the present report shows the allocation of the total estimate among the various parts of the programme budget, in dollars and in percentages. This allocation is purely indicative.

III. PRIORITIES

10. In his report entitled "An Agenda for Peace" (A/47/277-S/24111), the Secretary-General made reference to the opportunity regained by the Organization to achieve the objectives of the Charter of the United Nations: maintaining international peace and security, securing justice and human rights and promoting "social progress and better standards of life in larger freedom". Four areas for action by the Organization were then defined as offering a coherent contribution towards securing peace in the spirit of the

Charter, namely, preventive diplomacy, peacemaking, peace-keeping and post-conflict peace building.

11. In his report to the Economic and Social Council devoted to the theme "Enhancing international cooperation for development: the role of the United Nations system" (E/1992/82/Add.1), the Secretary-General drew a parallel between an integrated approach to the Organizations's mission in preventive diplomacy, peacemaking and peace-keeping and new approaches to the role of the United Nations in the promotion of international cooperation for development. The report concluded that "it would be mistaken to try to attach an order of importance or priority between peace and security on the one hand and economic and social development on the other. The two are so closely interlinked as to be indivisible".

12. Within the overall level of resources referred to in section II above, increases in the share of resources have been allocated to certain parts of the programme budget. The four areas for which significant increases are proposed in 1994-1995 are thus: overall policy-making, direction and coordination; political affairs; international cooperation for development; and human rights and humanitarian affairs. More precise priorities among programmes and types of activity will be presented in the proposed programme budget for the biennium 1994-1995.

IV. SIZE OF THE CONTINGENCY FUND

13. The size of the contingency fund as a percentage of the overall level of resources has been approved by the General Assembly in the first two outlines at 0.75 per cent on the basis of recommendations of the Secretary-General. For the biennium 1990-1991, the level of the fund in United States dollars amounted to $15 million. Of this amount, approximately $3.2 million remained available at the close of the biennium. For the biennium 1992-1993, the dollar amount of the contingency fund was set at $18 million. The available balance following decisions of the General Assembly at its forty-sixth session is $15.2 million. There are no obvious reasons, at this stage, to propose a change in the level of the contingency fund. It is recommended that the percentage be maintained at 0.75 per cent for the biennium 1994-1995.

ANNEX

Preliminary estimates for the biennium 1994-1995

(Millions of United States dollars)

	Initial 1992-1993 appropriation		Revised estimates and programme budget implications, forty-seventh session of the General Assembly	Anticipated revised appropriation 1992-1993	Preliminary estimates for the biennium 1994-1995				Increase (decrease) over initial appropriation	
					Resource changes					
	Amount	Per cent of total			Amount	Per cent	Total	Per cent of total	Amount	Per cent
I. OVERALL POLICY-MAKING, DIRECTION AND COORDINATION	35.3	1.5	(1.2)	34.1	1.0	2.9	35.1	1.5	(0.2)	(0.6)
II. POLITICAL AFFAIRS	155.1	6.8	7.1	162.2	2.5	1.5	164.7	7.1	9.6	6.2
III. INTERNATIONAL JUSTICE AND LAW	48.2	2.1	(0.5)	47.7	0.0	0.0	47.7	2.1	(0.5)	(1.0)
IV. INTERNATIONAL COOPERATION FOR DEVELOPMENT	318.7	13.9	2.5	321.2	3.5	1.1	324.7	14.1	6.0	1.9
V. REGIONAL COOPERATION FOR DEVELOPMENT	285.1	12.4	0.4	285.5	1.5	0.5	287.0	12.4	1.9	0.7
VI. HUMAN RIGHTS AND HUMANITARIAN AFFAIRS	91.8	4.0	3.4	95.2	0.8	0.8	96.0	4.2	4.2	4.6
VII. PUBLIC INFORMATION	100.4	4.4	1.1	101.5	0.0	0.0	101.5	4.4	1.1	1.1
VIII. COMMON SUPPORT SERVICES	840.0	36.6	1.0	841.0	(6.8)	(0.8)	834.2	36.1	(5.8)	(0.7)
IX. SPECIAL EXPENSES	45.0	2.0	0.0	45.0	1.0	2.2	46.0	2.0	1.0	2.2
X. STAFF ASSESSMENT	374.1	16.3	(1.0)	373.1	0.5	0.1	373.6	16.2	(0.5)	(0.1)
Total, parts I to X:	2 293.7	100.0	12.8	2 306.5	4.0	0.2	2 310.5	100.0	16.8	0.7
XI. CAPITAL EXPENDITURES	95.5	4.2	4.0	99.5	0.0	0.0	99.5	4.3	4.0	4.2
GRAND TOTAL	2 389.2	104.2	16.8	2 406.0	4.0	0.2	2 410.0	104.3	20.8	0.9